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Canyon Fuel
Company, LLC.
Skyline Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

Gregg Galecki, Environ. Coordinator
HCR 35, Box 380
Helper, UT 84526
(435) 448-2636 - Office
(435) 448-2632 - Fax

February 13, 2007

Ms. Pam Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Gregg
2/007/0005
#2752

RE: Re-mining of Scofield Waste Rock Pile, Canyon Fuel Company, LLC, Skyline Mine,
C/007/005,

Dear Ms. Grubaugh-Littig:

Please find enclosed with this letter modifications to the M&RP to address re-mining of Skyline Mines high ash coal from the Waste Rock site located adjacent to Scofield, Utah. The planned process is to set up a temporary screening plant to screen the high ash coal from the Waste Rock pile, the high ash coal being sold to Covol Engineered Fuels, LLC, of Wellington, Utah, and the remaining rock to be permanently placed in the Waste Rock site.

As you have requested, included with the submittal is a letter from Covol Engineered Fuels, LLC, indicating that no waste rock will be generated from the product that will remain on their site for permanent disposal.

Please note that all pertinent fees and royalties will be paid on the high ash coal as it is sold. The reclamation plan of returning the area to the Approximate Original Contour (AOC) has not changed.

The submittal includes completed C1 and C2 forms, and eight (8) copies of both clean and redline versions of the text modifications.

If you have any questions, please call me at (435) 448-2636.

Sincerely,

A handwritten signature in cursive script, reading 'Gregg A. Galecki'.

Gregg A. Galecki
Environmental Coordinator, Skyline Mine
Canyon Fuel Company, LLC

enclosures

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FEB 21 2007

DIV. OF OIL, GAS & MINING



February 12, 2007

Mr. Gregg Galecki
Canyon Fuel Company, LLC
Skyline Mines
HC 35 Box 380
Helper, Utah 84526

Dear Mr. Galecki:

Please be advised that Covol Engineered Fuels, LLC located at 1865 W. Ridge Road, Wellington, Utah has proposed to screen and test 1000 ton of the high ash coal waste material located in your permanent refuse disposal site near the town of Scofield. Upon screening we would load and truck the minus 4 inch material to our plant on Ridge Road.

After receiving the material at our plant Covol will then process the refuse through our facility to evaluate the product for improvements in fuel characteristics. Once the product is processed the material will be removed from our property and sold or delivered to a third party. If the test on the initial 1000 tons proves successful we would continue to process this material on an ongoing basis. We will not retain this material at our plant site for permanent disposal.

We appreciate your help and understanding and look forward to receiving your agreement and authorization to proceed.

Best Regards,

A handwritten signature in black ink, appearing to read "Keith Thompson". The signature is fluid and cursive, with a large loop at the end.

Keith Thompson

10653 S. River Front Parkway
Suite 300
South Jordan, Utah
P: 801-984-3790
F: 801-984-9460

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DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change ☒ New Permit ☐ Renewal ☐ Exploration ☐ Bond Release ☐ Transfer ☐

Permittee: Canyon Fuel Company, LLC

Mine: Skyline Mine

Permit Number: C/007/005

Title: Construction of new Sedimentation pond at Waste Rock site.

Description, Include reason for application and timing required to implement:

Remining of Waste Rock pile.

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- ☐ Yes ☒ No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ ☐ increase ☐ decrease.
- ☐ Yes ☒ No 2. Is the application submitted as a result of a Division Order? DO# _____
- ☐ Yes ☒ No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- ☐ Yes ☒ No 4. Does the application include operations in hydrologic basins other than as currently approved?
- ☐ Yes ☒ No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- ☐ Yes ☒ No 6. Does the application require or include public notice publication?
- ☐ Yes ☒ No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- ☐ Yes ☒ No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- ☐ Yes ☒ No 9. Is the application submitted as a result of a Violation? NOV # _____
- ☐ Yes ☒ No 10. Is the application submitted as a result of other laws or regulations or policies?
- Explain: _____
- ☐ Yes ☒ No 11. Does the application affect the surface landowner or change the post mining land use?
- ☐ Yes ☒ No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- ☐ Yes ☒ No 13. Does the application require or include collection and reporting of any baseline information?
- ☐ Yes ☒ No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- ☒ Yes ☐ No 15. Does the application require or include soil removal, storage or placement?
- ☐ Yes ☒ No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- ☐ Yes ☒ No 17. Does the application require or include construction, modification, or removal of surface facilities?
- ☐ Yes ☒ No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- ☐ Yes ☒ No 19. Does the application require or include certified designs, maps or calculation?
- ☐ Yes ☒ No 20. Does the application require or include subsidence control or monitoring?
- ☐ Yes ☒ No 21. Have reclamation costs for bonding been provided?
- ☐ Yes ☒ No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- ☐ Yes ☒ No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Wesley K Sorensen
Print Name

Wesley K Sorensen
Sign Name, Position, Date

Subscribed and sworn to before me this 13th day of Feb, 2007

Kathleen Atwood
Notary Public

My commission Expires: 12/2, 2007
Attest: State of Utah } ss:
County of Carbon



For Office Use Only:

Assigned Tracking
Number:

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DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Detailed Schedule Of Changes to the Mining And Reclamation Plan

Permittee: Canyon Fuel Company, LLC

Mine: Skyline Mine

Permit Number: C/007/005

Title: Remining of Waste Rock Pile.

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED

[illegible]

Any other specific or special instruction required for insertion of this proposal into the Mining and Reclamation Plan.

Eight (8) redline/strikeout copies and eight (8) clean copies submitted.

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waste will be removed from the permitted area without approval of the Division.

The compacted layers of fill will be sloped to direct any surface runoff to ditches on the edges of the pile. The ditches collect and direct any drainage from the disturbed disposal area into the sediment pond (Map 3.28-2A).

Shrubs that are along the north and west sides of the disposal area will be removed just prior to the time the area they occupy will be covered with waste rock.

The material will be placed in compacted two foot layers and sloped to the east on a 2:1 slope (Map 3.2.8-2). When an approximate overall twenty foot lift is reached, it, and each succeeding 20' lift, will be reclaimed as outlined in section 4.6.4.1.

On occasion, should economics warrant the process, the Waste Rock pile may be re-mined and screened (on site) with the screened product sold as high-ash coal. Sufficient waste rock will remain in the pile to establish Approximate Original Contours (AOC) at reclamation.

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Revised : 02/12/07

3-56